

CalPERS Board of Administration Diversity Quarterly Update

Agenda Item 17 - Attachment B

March 16, 2011

OVERVIEW

- Laws impacting state pension fund diversity initiatives
- Comparison of diversity data collection by pension funds

Laws impacting state pension fund diversity initiatives

- Restricts state agency from granting preferences
 - California (Proposition 209), Michigan (Proposal 2), Nebraska (Initiative 424), and Washington (Initiative 200)
- Mandates any fund subject to the state's pension code to adopt policies that sets forth goals for utilization
 - Illinois (Public Act 096-0006)
- Requires certain fiduciaries (includes state pension funds) to report participation and strategies to identify and pursue
 - New York (Bill: A.9976-C / S.6888-C)

Comparison of diversity data collection by pension funds

Pension Fund & Data Source	CalPERS Self - Identification	Illinois TRS Self – Certification ¹	NY Common Self – Certification ¹
Diversity Standards ^{2,3}	AfA, AsA, HA, NA W, and DV (California registered business enterprise)	AfA, AsA, HA, NA, W and DP (broad array of disabilities)	AfA, AsA, HA, NA, and W
Ownership Threshold	> 50% diverse ownership	51% or > diverse ownership	Majority: 51% or > Substantial: 30% to 50.44%
Governance & Managerial Control	Demonstrated technical expertise and experience relating to services provided by the firm as well as authority over day to day business decisions. Assessment of firm economics can vary by asset class e.g. AIM Program aggregates all employees entitled to a share of partnership carried interest	“Control Person” standard: officers and directors possess requisite knowledge and/or expertise. Managerial time spent must be substantial and continuing.	Ownership group must have significant experience in asset management, brokerage, other financial services or related professional services and exercises the authority to control independently the day- to-day business decisions

1) Illinois and New York require application for certification as a qualified minority owned business enterprise

2) AfA = African American, AsA = Asian American, HA = Hispanic American, NA = Native American, W = Woman, DP = Disabled Person, and DV = Disabled Veteran

3) Citizens or lawful permanent residents of the United States